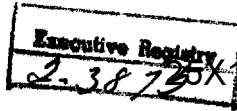


**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2



SECTION II OF PROGRESS REPORT

THE NATIONAL INTELLIGENCE PROBLEM  
Historical Review of Developments and Concepts  
1 January 1946 - 1 October 1950

I CHRONOLOGY

1 January 1946 was the nadir of postwar intelligence. It is therefore a fitting date to start an historical review of the national intelligence problem. The military intelligence agencies were then losing most of the many persons trained by wartime experience and were looking forward to the shortage of funds normal to the peacetime intelligence activities of the military. The Department of State suffered from internal disputes on the role of intelligence and its relation to the functional offices. Also the Executive Order which, on 1 October 1945, abolished the position of the Director of Strategic Services, transferred the Research and Analysis Branch of OSS to State for liquidation or digestion. The same Executive Order transferred the remainder of OSS to the Department of the Army, which thereupon established the almost autonomous Strategic Services Unit of the Army with a directive to liquidate all activities not required for peacetime intelligence purposes.

The peacetime concept had been under strenuous dispute in the Department of State, the Joint Chiefs of Staff and the military agencies ever since the plan evolved by General Donovan had been submitted to the President in 1944. General Donovan had presented

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

the concept of a single Director of Central Intelligence responsible directly to the President for intelligence related to the national interest. This met with immediate opposition and counterproposals varying from control by a board representing various interested agencies to the theory of a director reporting to one agency or a board composed of the heads thereof. As the disputes continued, the wartime coordinating activities, such as the State, War, Navy Coordinating Committee and its successor, the State, Army, Navy, Air Coordinating Committee, were deteriorating through loss of personnel and inadaptability to peacetime problems.

On 22 January 1946 the first step in postwar progress was taken by the President with the issuance of an Executive Directive establishing the Central Intelligence Group, with a Director who reported to a National Intelligence Authority composed of the Secretaries of State, War and Navy and the President's personal representative, Admiral Leahy. The Director was to be assisted by a staff contributed by the various interested agencies. The concept of CIG was a small coordinating group responsible to the NIA for correlation and evaluation of intelligence related to national security and its appropriate dissemination within the Government, for planning the coordination of such activities of the intelligence agencies as related to the national security and for recommendation to the NIA on establishment of such over-all policies and objectives as would assure the most effective accomplishment of the national intelligence

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

mission. In addition to correlating and planning, it was to perform such services of common concern as the NIA determined could be more efficiently accomplished centrally, and such other functions and duties related to intelligence affecting the national security as the President and the NIA might direct. The Directive provided for the free exchange of information, for the continuance of departmental intelligence activities, and for an Intelligence Advisory Board, consisting of the heads of the principal intelligence agencies to advise the Director. It also prohibited exercise of any police, law enforcement or internal security functions by CIG.

Admiral Sauer was named Director of Central Intelligence and with a small staff began surveying intelligence needs and the position of CIG in the national intelligence system. Despite the provision for performing certain duties, the emphasis remained for some time on the responsibility for coordination as opposed to production and operational responsibilities. From the beginning, however, it became evident that CIG would have to be in a position to undertake certain operations and to act as more than a mere correlating group, and it began to take form as a separate entity within the Government. This in turn quickly demonstrated the difficulty amounting to impossibility of administering a Government entity on the basis of contributions of personnel and funds from agencies interested in various degrees.

**SECRET**

**SECRET**

The only Governmental activity with the necessary funds and authorities over its funds to support this new and still somewhat formless creation was the Strategic Services Unit of the War Department, and the SSU soon became the administrative support unit for CIG. The logic of this was strengthened by the fact that SSU had been able to retain adequate communications throughout the world and the basic minimum staff for the conduct of clandestine intelligence and counter-intelligence activities of the Government.

By November 1946 CIG had assumed all the assets, personnel and operations of SSU needed for its contemplated activities, and SSU ceased to exist except as a War Department unit for liquidation of OSS operations. CIG was now rapidly taking form as an independent Agency, a process which is normally possible only with statutory authorization from the Congress. That it was possible in the case of CIG was due to the complete cooperation of such agencies as the Bureau of the Budget, the Treasury Department, the Comptroller General and the Civil Service Commission, and, of course, to the provision of funds by the Congress itself. Even with such cooperation, however, maintenance of Agency activities in a legal void created endless difficulties and delay.

A Bill to establish the Agency by statute and to give it the necessary statutory authorities was drafted in the summer of 1946.

**SECRET**

**SECRET**

25X1

91 This Bill so clearly reflected the change from the coordinating group to an operating entity that it was somewhat of a surprise to the White House when submitted for approval. It was, however, approved, but prior to submission to the Congress, it became involved with the legislation being discussed for unification of the Armed Services. Here the opportunity for a practical compromise suggested itself for the serious difference of opinion on whether the Director of Central Intelligence should report to the President or to a Board under the President. ¶ The concept proposed in the Unification Bill of a National Security Council, of which the President would be Chairman, presented an ideal solution and a section was therefore inserted in the Unification Bill providing for the establishment of a Central Intelligence Agency under the National Security Council and outlining its functions. It also provided that the Director might be chosen either from civilian life or from among commissioned officers of the Armed Services. The detailed administrative authorities for the Agency, which had been drafted earlier, were considered inappropriate for inclusion in the Unification Bill and were therefore left for future legislative action. Although there had been secret hearings on the intelligence portions of the Bill in which the varying concepts were forcibly presented, there was little debate on the floor on that portion of the Bill, except for an effort to provide that the Director should be a civilian. Eventually it

**SECRET**

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

was agreed that it would be preferable to allow appointment of either a military or a civilian director.

With the passage of the National Security Act on July 26, 1947, CIA achieved status and a mission, but remained without the necessary material authorities to support its functions properly. A proposed enabling act was drafted asking for what, compared to authorities for normal Government agencies, was an enormous grant of power, particularly over funds. The Comptroller General supported the request as a necessary exception from his normal principles of fiscal control, and the Central Intelligence Agency Act was passed on June 20, 1949, with little debate and no opposition of importance. From that point on, CIA had, with minor exceptions, legislative authority consistent with its statutory responsibility.

also Sec 8  
other special  
powers

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

## II CONCEPTS AND ORGANIZATION

"Sec. 102(d) For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council... (National Security Act of 1947)"

All through the period from 22 January 1946 through 1 October 1950 there were continuing debates on basic concepts concerning the central intelligence functions with resulting changes in method and organization.

The Central Intelligence organization was conceived during and was partly the result of the Pearl Harbor investigation by the Congress. The Committees conducting the investigation were to some extent looking for scapegoats, but were officially searching for a means of preventing repetition of such a catastrophe. As it turned out, the scapegoat was not a person who failed to foresee or take the proper measures, but was a division of responsibility for intelligence and planning which had allowed a situation to arise on which adequate action was impossible.

The Congress in creating the Central Intelligence Agency, therefore, had in mind the creation of a single focal point - the Director of Central Intelligence - who would be solely responsible for assuring that the President and those of his subordinates charged with action to prevent a future catastrophe, would be properly informed so that the necessary action could be prepared in good time. The Congress realized the enormity of this responsibility and the probable

**SECRET**

**SECRET**

25X1

impossibility of complete success in its performance. But the members felt that only by so placing the responsibility could the best assurances of success be achieved and that in the National Security Act of 1947 they had given the Director a charter adequate to his needs.

9 While the departmental intelligence activities were specifically protected in that Act, the creation of a central organization with responsibility to the highest policy group in the Government inevitably created friction with the existing agencies and appeared as a threat to prerogatives claimed by those agencies as their own. ¶ The issues had been joined with the creation by the President, in his Directive of 22 January 1946, of an Intelligence Advisory Board to advise the Director of Central Intelligence on intelligence matters relating to the national security. If the Director had sole responsibility and concomitant authority, the Board was by nature purely advisory. If, however, the Director could act only with the advice and concurrence of all or a majority of the Board, then responsibility and control was in the Board as a whole rather than in the Director. It was natural for the members of the Board to assume that they would act as a Board of Directors of the national intelligence system, assuming in return that the Board had joint responsibility for its acts.

General Vandenberg, who became Director in July of 1946, felt that the President's Directive had placed in him a responsibility which he could not delegate or share and that therefore the Board

**SECRET**

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

of Directors concept was not acceptable. The dispute burned fiercely until it reached the point where, towards the end of his tenure, General Vandenberg proposed that the National Intelligence Authority clarify the situation by designating him Executive Agent of the NIA in all intelligence matters relating to the national security. The NIA agreed in principle.

9 Shortly after this, in April 1947, Admiral Hillenkoetter became Director and in July the National Security Act was passed. The wording of this Act was so near to that of the Presidential Directive that the Board of Directors concept continued to thrive. However, Admiral Hillenkoetter withdrew from the proposal that the Director be named Executive Agent of the National Security Council and instead attempted to resolve the dispute by negotiation and cooperation. It was obvious, however, from the attempts to draft National Security Council Directives, that no resolution was being achieved. A typical example arose early from the fact that the statute did not provide for an advisory board such as the one specified in the Executive Directive. Such a board was an obvious necessity and the Director proposed to appoint an advisory committee similar in composition to the former IAB. The future members thereof insisted, however, that the advisory committee would have to be appointed by the National Security Council on the grounds that the Director had no authority to appoint heads of other intelligence agencies to his committee. The National Security Council acceded to their wishes, and the Intelligence Advisory Committee was created by NSCID No. 1. The Director

9

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

felt, however, that under the statute expressing the intent of Congress, even more clearly than under the Presidential Directive, the responsibility was his and that he could not therefore share the authority. Since no agreement or compromise was reached, the situation had deteriorated by the summer of 1950 to a point where all matters involving the opposing theories of collective versus single responsibility were reduced to legalistic disputes attempting action without any concession on the basic issue. The position of the Director and the relations with the IAC were, therefore, completely unresolved on 1 October 1950.

"Sec. 102(d)(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally; (National Security Act of 1947)"

In spite of the overriding disagreement on the central intelligence concept, progress had been made in certain other concepts and in the organization to cope with them. This was particularly so of services of common concern, ~~(which, in accordance with the Act, CIA would perform if the NSC determined they could be more efficiently accomplished centrally)~~. The obvious lack of a mechanism to assure an exchange and flow of information among the intelligence agencies of the Government and the consumers of the intelligence produced, early arose as a matter requiring central service. A reference center which eventually became the Office of Collection and Dissemination was established almost immediately in 1946 and grew steadily so

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

that, on 1 October 1950, it was functioning effectively to service the exchange of information between the agencies and to provide a central point of record, particularly for such important reference materials as the biographic and industrial registers. There was no fundamental disagreement on the problem here involved so, conceptually, OCD had less of the problem than the substantive offices.

*Dr* The development of an adequate mechanism was ~~being~~, a most intricate and difficult business and a concept resulting from the former lack of coordination continued to cause difficulty. This was the so-called "Third Agency Rule" under which material produced in one agency and forwarded to a second could not in turn be forwarded to a third without permission of the originating agency. This applied, for example, both to material which OCD wished to get from G-2 but which had been produced in OPI and also to material produced by G-2 which OCD wished to forward to another department or agency. Such a rule, if strictly construed, would make the central collecting and disseminating function almost impossible. It was felt that the Director, through his duly authorized representative, should be free to obtain, and to make such further dissemination of, material as he deemed necessary and proper, although, of course, in making his determination in difficult or highly sensitive situations, he would normally need to consult with the originating agency. While this concept was not freely accepted by the other agencies, the Third Agency Rule, in effect, broke down to workable proportions.

With regard to the covert intelligence activities, there was also less basic disagreement than in some of the other substantive

Approved For Release 2004/12/15 : **SECRET** -00384R000200090001-2

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

fields. While the Strategic Services Unit still existed, the old CI, or Secret Intelligence Branch, and the X-2, or Counterespionage Branch, inherited from OSS, had been amalgamated in the Office of Special Operations. Secret intelligence and counterespionage activities in South America were transferred from the FBI to the Strategic Services Unit in 1946. Then SIG took over, therefore, it had a nucleus for the central control of all covert intelligence activities. It proposed, as an axiom, that covert intelligence activities, on behalf of the Government as a whole, must be centrally controlled and operated for both security and efficiency. The axiom was accepted on its face, but the military service desired to retain certain of their covert activities conducted by attaches or otherwise. Also the State Department felt that collection activities were properly the function of the Foreign Service. However, the National Security Council concurred with the Director's concept and placed full responsibility for clandestine intelligence and counterespionage on CIA.

*pr* OSO ~~was~~ was hampered by the difficulty of recruiting experienced personnel and the lack of adequate facilities to carry out its mission.

25X1

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

25X1

25X1

As of 1 October 1950, OSO, in

spite of the fact that it had the longest uninterrupted history of any of the operating offices and the most nearly professional staff, suffered from lack of clear-cut requirements and coordinated planning, internal and external, for the performance of its world-wide mission.

Other services of common concern caused less difficulty. The Foreign Broadcast monitoring operation was transferred to CIG in 1946 at the urgent request of the Army which had inherited the organization from the Federal Communications Commission. The urgency was such that this was the only group of people brought into CIA without proper screening, either from an administrative or security point of view. The inadvisability of such a procedure was quickly demonstrated by the numerous administrative and personnel problems arising in FBID and the cases which eventually required action under the President's Loyalty program. By 1 October 1950, however, FBID was operating effectively and smoothly, particularly in view of its wide-flung operations and the great variety of types and nationalities of employees required to staff it.

The enormous amounts of foreign documents, captured or otherwise obtained which poured into Washington during and after the war required concerted action on the part of the intelligence agencies both to exploit them and merely to handle them. The Foreign Documents Branch eventually was established to coordinate this field and the

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

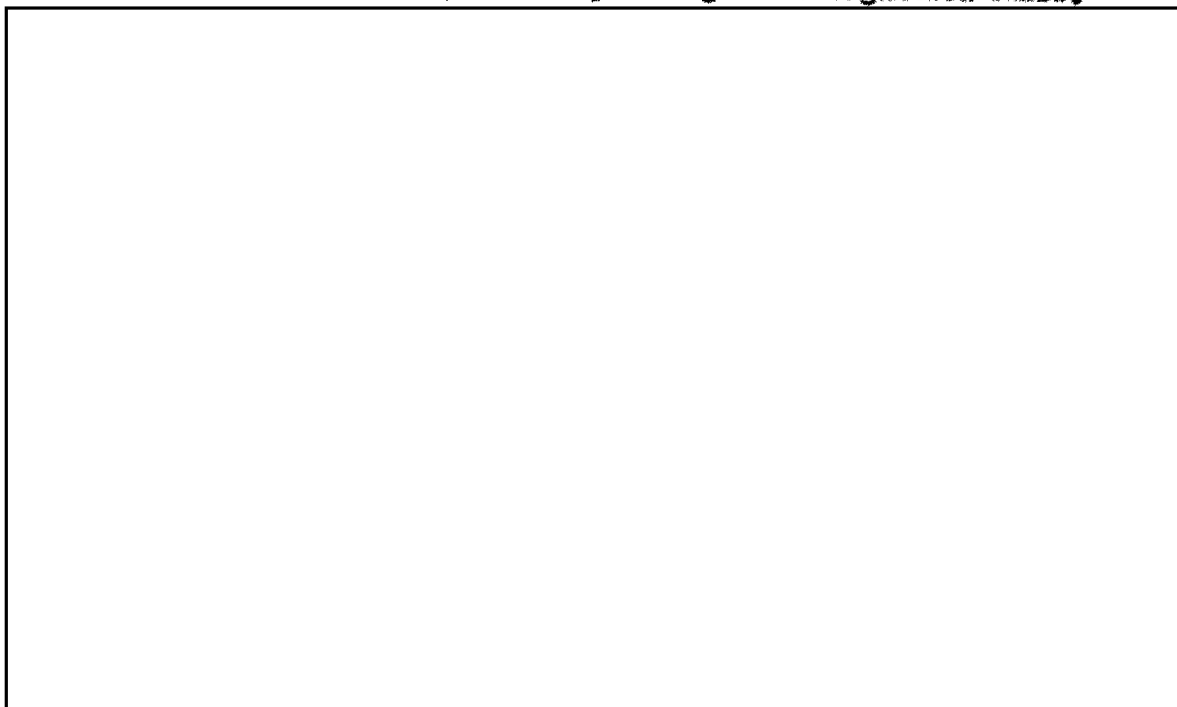
Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

related problem of translation, for which there was no adequate provision. The difficulty of obtaining reasonably skilled translators who could be cleared and were willing to stay in translation work was such that complete service for appropriate customers by a staff translating service appeared impossible. A partial solution was achieved by creation of a service supported by CIA but ostensibly private, to which could be given a great deal of translating material in an unclassified state that otherwise would have to have classified handling. This cover service therefore could use uncleared translators and part-time translating assistance.

In 1946 plans were developed for the exploitation of sources of foreign intelligence within this country. During the war, OSS had touched on this subject with its Foreign Nationality Branch, and the Service agencies, particularly the Navy, had been fairly active in interrogation of local sources with foreign contacts. The problem had never been approached, however, on a general organized basis.

25X1



**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

The Office of Operations was also made responsible for coordinating SOVMAT, a continuing project for the collection and analysis of all types of Soviet goods and materials in order to obtain information on the nature and quality of the materials, industrial and scientific techniques and other matters of interest to the scientific and economic intelligence consumers.

"Sec. 102(d)(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct. (National Security Act of 1947)"

So far as is known, Congress in using this language was concerned with clandestine intelligence and counterespionage operations which have been considered above as services of common concern.

The need for covert operations as opposed to covert intelligence had not generally been considered when the Act was passed. In 1947 Secretary Forrestal asked Admiral Hillenkoetter if he felt that covert operations such as psychological warfare, sabotage, support of guerrilla movements and all the other clandestine weapons which might be used to fight Communist aggression were within the charter of CIA.

The answer was in effect that while such operations were not envisaged in the creation of CIA and were not strictly pertinent to its intelligence mission, the Agency was the only Government entity with sufficient authority and flexibility to conduct such covert operations securely, and as it already was responsible for clandestine intelligence, it was in a position to coordinate centrally all covert

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

25X1

activities. It was also emphasized that it would be necessary to go back to the Congress for approval of funds for this purpose.

Three separate and well-defined interests in covert operations soon appeared. The Department of State had legitimate and serious interest in the coordination of covert activities with its overt programs and in assuring that the covert operations complemented and did not contradict or nullify negotiations and relations with foreign countries. The Joint Chiefs had an equally legitimate interest in assuring that covert military or para-military operations were consistent with the U. S. military planning and policy. CIA meanwhile, charged with clandestine intelligence and counterespionage activities, had a most serious interest in assuring that the covert operations did not conflict with or expose the intelligence activities.

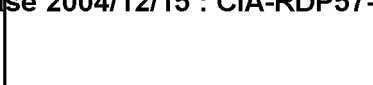
7 In the Directive establishing the Office of Policy Coordination (OPC) to conduct covert operations as opposed to clandestine intelligence which remained with OSO, the National Security Council provided that the Office would be in CIA, but in the conduct of its operations would receive policy guidance from the State Department and the Joint Chiefs of Staff. The resulting disagreement and confusion seriously hampered the development of OPC and impaired relationships within the Agency and between the agencies concerned. On the one side was the feeling that the OPC function was put in CIA because the Agency provided a convenient cover and had the necessary fiscal authorities, but that in the conduct of operations control would be in the Policy Planning Staff of State and the Joint Chiefs. It was obvious from the

**SECRET**

25X1

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2



beginning, however, that the OPC operations would be on a huge scale compared to other covert operations and that CIA would have to obtain and provide the essential support factor, the so-called unvouchered funds which are by law the personal responsibility of the Director of Central Intelligence. Therefore, it was felt, on the other side, that the Director could not adequately protect himself in his fiscal responsibility unless he was thoroughly informed on operations and in a position to control expenditure of funds and accountings therefor. By 1 October 1950 many of the points of difference had been worked out on a practical basis, and in effect OPC was functioning as a CIA office with full coordination on operations with the Department of State and the Joint Chiefs.

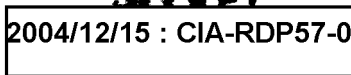
"Sec. 102(d)(1) To advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;"

"Sec. 102(d)(2) To make recommendations to the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security; (National Security Act of 1947)"

The important duty of advising the National Security Council and making recommendations on intelligence activities relating to the national security was performed mainly by submission of draft NSC directives which had been concurred in by the IAC. CIA made no independent recommendations. The responsibility for preparing the drafts lay in the Interdepartmental Coordinating and Planning Staff (ICAPS), which later became the Coordinating and Planning Staff (COAPS).

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2



**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

This was composed of a Chief proposed and supplied by the State Department and assistants representing State and each of the Armed Services. Thus one of the most important functions of the Agency was left to a staff who felt their assignments to CIA were tours of duty and who had little opportunity or time to familiarize themselves with Agency activities or with the full nature of their duties. State and the Services were reluctant to assign officers with the necessary seniority and background in intelligence. In partial consequence the staff was forced to deal at levels in the other intelligence agencies that could not speak for their offices on questions involving policy or basic decisions.

An early fear that a staff contributed by the other agencies would lead to acceptance of concepts and theories detrimental to CIA was not realized. It must be said that the successive memberships of COAPS worked zealously and loyally for the Director and the Agency and often disputed bitterly with their parent services on points involving the preservation of the Agency's prestige and position. Since they were, through lack of background and opportunity, incapable of internal planning and coordination, and through the vacuum caused by disagreement at the top level, ineffective in external coordination and planning, COAPS spent most of its time writing and rewriting draft directives in an effort to reach interagency agreement and in endless discussions striving for accord in the IAC on intelligence estimates. As stated in the opening part of this section, the overall situation had deteriorated to a series of legalistic disagreements and under the circumstances it was inevitable that by 1 October

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

**SECRET**

25X1

SECRET

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

1950 COAPS, as then conceived and constituted, should have fallen into a state best described by the famous phrase as innocuous desuetude.

"Sec. 102(d)(3) To correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities:... (National Security Act of 1947)"

While the functions outlined in foregoing sections are important and necessary, the basic reason for the creation of a Central Intelligence Agency was to provide for the production of national estimates to assist the President and his top policy planners in their decisions. Departmental intelligence was protected by law and properly so, as no central agency could adequately serve departmental needs and as departmental intelligence is an essential ingredient of the national estimate. In 1946 the Office of Research and Analysis was created in CIS for the production of national estimates. This office was later renamed the Office of Reports and Estimates which name continued until 1 October 1950. The concept of the office's duty was, however, strongly debated throughout this period and was subject to continuing internal changes. ~~In the opening portion of the section,~~ <sup>has already been</sup> an outline was given of the dispute on the position of the agency in the intelligence structure and on the relations of the Director with the IAC. ¶ This fundamental disagreement necessarily colored the concept of ORE and the lack of resolution through 1 October 1950 was reflected in the difficulties encountered by ORE in

SECRET

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

its attempts at production of estimates. As indicated earlier, General Vandenberg and Admiral Hillenkoetter, whose tours as Director covered the period from June of 1946 to October 1950, believed that under Congressional intent as expressed in law, they were solely responsible for the fulfillment by the Agency of its mission. Translated to the production of estimates, this in turn meant sole responsibility in the Director for National Estimates.

Of course, the Directors concerned realized the vital part played by the other intelligence agencies and that CIA needed all the cooperation and support those agencies could afford. They also understood it to be a duty of CIA to support and encourage those agencies by every means available to CIA. But to fulfill their overriding responsibilities, those Directors felt it necessary to challenge departmental intelligence in the interest of objectivity and to review discrepancies in the different agency reports in the interest of accuracy. It was therefore believed essential that those who were to write those estimates should be supported by a reports staff capable of reviewing incoming intelligence reports for departmental bias and of utilizing all the resources of the Government to resolve discrepancies and gaps in departmental reports. In the early years there <sup>had been</sup> ~~was~~ no clear-cut line between the reports and the estimates nor between the groups performing the work. The concept gradually cleared however, and by the summer of 1950 plans were being made for the reorganization of ORE to establish a clear-cut top estimates group with

**SECRET**

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

a research and reports section established in geographic divisions except for functional support in the scientific and economic fields of intelligence.

The National Intelligence Surveys, basic area studies to which all agencies contributed, were performed under OIE as a separate activity.

Scientific intelligence, which is a relatively new phase of the intelligence problem, evolved in large part separate from the main stream of intelligence development. During World War II the burden was carried on in the United States by organizations responsible for research and development in new weapons. A beginning towards coordinated effort was made by the transfer of the Atomic Energy Intelligence activities from the Manhattan Engineer District to CIG but a separate office concerned solely with scientific intelligence was not established until 31 December 1948. This office, OSI, charged in theory with the coordination of scientific and technical intelligence within the Government encountered continuing difficulties on availability and exchange of information and on jurisdictional matters and while the Scientific Intelligence Committee and some of its subcommittees ran relatively smoothly for a time they, too, were hampered by interdepartmental disagreements on the nature and extent of the OSI function. However, on 1 October 1950 the concept of central coordination in scientific and technical matters was firmly held in CIA and OSI in addition supplied a functional service to the estimates portion of OIE.

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

**SECRET**

The economic intelligence problem was even less well defined and had been kept in fragmentation by the National Security Council directive of 13 January 1948 which assigned economic intelligence to each agency in accordance with its respective needs. The obvious requirement for further coordination, however, led to the planning in 1950 of an economic intelligence function in support of the ORE responsibility for estimates.

In view of the concept that ORE, in its production of national estimates, would accept, reject or revise departmental intelligence as it saw fit in order to arrive at a CIA position for the Director, it was inevitable that there would be difficulty in securing concurrences from the IAC agencies. This again brought out the top level unresolved agreement on the part played by IAC in the national security system. Since CIA believed that estimates were the result of the collective effort of the intelligence system, but were the responsibility of the Director alone, it requested the advice and help of IAC on estimates and their concurrence, if possible. But in final analyses, it was believed that even if all the IAC agencies disagreed with the estimate, CIA, if it truly believed in the estimate, should send it on with the stated disagreements of the other agencies. Since the IAC members believed in the collective responsibility of the IAC for estimates, they also believed in their right to pass on estimates and to obtain revision where the majority of the IAC members disagreed with CIA. In CIA's view, this tended to reduce estimates to their lowest common denominator and to discourage objectivity where it ran

**SECRET**

**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

\* counter to departmental policy. The <sup>22</sup>basic disagreements therefore  
made it extremely difficult to produce an estimate. <sup>1</sup>~~due to time~~ <sup>Much time was</sup>  
~~consumed in differences of opinion over~~ <sup>consumed</sup> ~~concurring disagreements or~~ <sup>concurring</sup> concurrences or nonconcurrences. <sup>often there</sup>  
~~was the difficulty of getting~~ <sup>was</sup> departmental views defined.

In the summer of 1950, General John Magruder suggested, in an attempt to compromise the situation, that the estimates panel be separate and established in CIA, but that the members thereof be nominated and contributed by the IAC agencies. This did little to ameliorate the dispute which was in full swing on 1 October 1950.

\* I have discussed these changes with Mr. Houston. They should receive, however, his approval before going on.



**SECRET**

Approved For Release 2004/12/15 : CIA-RDP57-00384R000200090001-2

25X1

### III RESUME

On 1 October 1950 the Central Intelligence Agency was well and properly established in the framework of the national government, reporting to the National Security Council. It had wide authority given to it in order to accomplish its difficult mission, and it had strong and nonpolitical backing in the Congress. Administratively, it was capable of carrying on its duties although continuing trouble was experienced in the procurement of experienced able personnel. The services of common concern were functioning smoothly although CSC needed redefinition of its function and improved over-all planning. CSC continued to experience growing pains but was beginning to fit more smoothly into the complicated machinery required for conduct of its operations.

In its fundamental mission to advise the National Security Council on intelligence matters and to produce national estimates, CIA was not performing as effectively as the grave world situation required. Opposing concepts on collective as against single responsibility, the faulty construction of the coordinating and planning staff and the incomplete clarification of the estimates picture, all contributed to an atmosphere of frustration and to continual delays and compromises in the vital field of national intelligence.

~~SECRET~~